

# **Change of Station Taxes and Relocation Income Tax Allowance**

## **NSSC Travel**

# Change of Station Taxes and Relocation Income Tax Allowance

- Q. Why are taxes deducted from my Change of Station (COS) travel voucher?
- A. Internal Revenue Service (IRS) Publication 521 states that certain moving expenses reimbursed to an employee are classified as supplemental wages. As a result, some payments are considered to be earned income and shall be taxed.

# Change of Station Taxes and Relocation Income Tax Allowance

Q. What taxes are withheld from my travel voucher?

A. The following taxes are deducted from your travel reimbursement:

- Federal Withholding Tax 25%
- Medicare (Hospital Insurance Tax – HIT) 1.45%
- Social Security (Federal Insurance Contributions Act- FICA) - if applicable 6.2%
- State Tax - if applicable

# Change of Station Taxes and Relocation Income Tax Allowance

Q. How are the taxes calculated?

A. To prevent you from using part of your travel reimbursement to pay Federal Tax (25%), a Withholding Tax Allowance (WTA) is applied to the reimbursement amount as shown in the following example:

Amount of monthly travel voucher:	<b>\$2,480.00</b>
WTA (33.3333%)	<u>x 1.333333</u>
Grossed Up Amount	<b>\$3,306.66</b>

The “grossed up” amount is then used to calculate the taxes as follows:

Reimbursement with added WTA	<b>\$3,306.66</b>
Less Federal (25%)	826.66
Less HIT (1.45%)	47.94
Less FICA (6.2%)	205.01
Less State (5% as an example)	<u>165.33</u>
Amount reimbursable to employee	<b>\$2,061.72</b>

Since the original travel reimbursement was “grossed up” (i.e., the WTA was applied), the employee does not have to bear the burden of the Federal Tax.

# Change of Station Taxes and Relocation Income Tax Allowance



Q. What is a WTA?

A. WTA is an allowance given to you to offset the Federal tax withheld from your reimbursements. On each relocation voucher processed, WTA of 33.33% will be calculated and paid to you to replace only the Federal tax withholdings on your reimbursement. The WTA does not cover HIT, FICA, and State taxes.

# Change of Station Taxes and Relocation Income Tax Allowance



Q. Does the WTA apply to all of my COS reimbursements?

A. No, you will not receive a WTA to offset the withholding on your Home Marketing Incentive payment. However, the Home Marketing Incentive is considered income and the Agency is required to withhold income and employment taxes.

# Change of Station Taxes and Relocation Income Tax Allowance



Q. What limitations and Federal income tax treatments apply to my relocation reimbursements?

**Table to § 302-17.8. FTR Allowances and Federal Income Tax Treatments**

Entitlement	Summary of FTR Allowance	FTR Part or Section	Tax Treatments
<b>Meals while en route to the new duty station.</b>	The standard CONUS per diem for meals and incidental expenses.	<a href="#">§302-4.200</a>	Taxable.
<b>Lodging while en route to the new duty station.</b>	The standard CONUS per diem for lodging expenses for the employee only.	<a href="#">§302-4.200</a>	Nontaxable provided the cost is reasonable according to the IRC.
<b>Transportation using your POV to your new duty station.</b>	Actual cost or the rate established by the IRS for using a POV for relocation.	<a href="#">Part 302-4</a>	Nontaxable.
<b>Transportation to your new duty station using a common carrier (an airline, for example)</b>	Actual cost.	<a href="#">Part 302-4</a>	Nontaxable.
<b>Per diem and transportation for househunting trip</b>	Actual Expense Method: 10 days of per diem plus transportation expenses - must be itemized; or Lump Sum Method: locality rate times 5 (one person) or times 6.25 (employee and spouse) for up to 10 days - no itemization required.	<a href="#">Part 302-5</a> <a href="#">Part 302-5</a>	Taxable. Taxable.

# Change of Station Taxes and Relocation Income Tax Allowance

Entitlement	Summary of FTR Allowance	FTR Part or Section	Tax Treatments
<b>Temporary quarters subsistence expenses (TQSE).</b>	Actual Expense Method: Maximum of 120 days; full per diem for only the first 30 days - itemization required; or Lump Sum Method: multiply number of days allowed by .75 times the locality rate (30 days maximum) - no itemization required. <b>Note:</b> <i>Additional TQSE allowances for family members are less than the benefit for the employee occupying TQ alone.</i>	<a href="#">§302-6.100</a> <a href="#">§302-6.200</a>	Taxable. Taxable.
<b>Shipment of household goods (HHG) to include unaccompanied air baggage (UAB) and professional books, papers, and equipment (PBP&amp;E).</b>	Transportation of up to 18,000 pounds.	<a href="#">Part 302-7</a>	Transportation of goods from your former residence to your new residence is nontaxable.
<b>Temporary storage of household goods in transit, as long as the expenses are incurred within any 30 calendar day period after the day your items are removed from your old residence and before they are delivered to the new residence.</b>	Temporary storage of up to 30 days (However, see the section immediately below).	<a href="#">§302-7.9</a>	Nontaxable.
<b>Temporary storage of household goods beyond 30 days.</b>	Temporary storage of 60 plus 90 days, NTE 150 days for CONUS relocations, and 90 days plus another 90 days, NTE 180 for OCONUS relocations.	<a href="#">§302-7.9</a>	Taxable.
<b>Extended storage of Household Goods (HHG).</b>	CONUS - TCS (per agency policy) or isolated duty station only. OCONUS - Agency policy.	<a href="#">§302-3.414</a> ; <a href="#">Part 302-8</a> , <a href="#">Subpart B</a> <a href="#">Part 302-8</a> , <a href="#">Subpart C</a> and <a href="#">D</a>	Taxable. Nontaxable.



# Change of Station Taxes and Relocation Income Tax Allowance

Entitlement	Summary of FTR Allowance	FTR Part or Section	Tax Treatments
<b>Transportation of privately-owned vehicle (POV).</b>	CONUS - Agency discretion. OCONUS - Agency discretion.	<a href="#">Part 302-9, Subpart D</a> <a href="#">Part 302-9, Subpart B</a> and <a href="#">C</a>	Nontaxable. Nontaxable.
<b>Shipment of mobile home in lieu of HHG.</b>	Limited to maximum allowance for HHG.	<a href="#">§302-10.3</a>	Nontaxable.
<b>Residence transactions</b> • "Sale of home • "Purchase of home • "Lease-breaking	Closing costs up to 10% of actual sales price. Closing costs up to 5% of actual purchase price. Itemization required.	<a href="#">§302-11.300(a)</a> <a href="#">§302-11.300(b)</a> <a href="#">§§302-11.430</a> and <a href="#">§302-11.431</a>	Taxable. Taxable. Taxable.
<b>Payments to Relocation Service Contractors.</b>	According to agency policy and contracts.	<a href="#">Part 302-12</a>	Taxability determined on a case-by-case basis.
<b>Home Marketing Incentive Payment.</b>	See internal agency policies and regulations.	<a href="#">Part 302-14</a>	Taxable, but not eligible for WTA or RITA.
<b>Property Management Services.</b>	See internal agency policies and regulations.	<a href="#">Part 302-15</a>	Taxable.
<b>Miscellaneous expenses.</b>	\$650 or \$1,300; or Maximum of 1 or 2 weeks basic pay.	<a href="#">§302-16.102</a> <a href="#">§302-16.103</a>	Taxable. Taxable.
<b>Withholding tax allowance.</b>	25 percent of reimbursements, allowances, and direct payments to vendors.	<a href="#">Part 302-17, Subpart B</a>	Taxable.
<b>Relocation income tax allowance.</b>	Based on income and tax filing status.	<a href="#">Part 302-17, Subpart C</a>	Taxable.

# Change of Station Taxes and Relocation Income Tax Allowance

Q. How will I know when taxes are taken out of my voucher?

A. The NSSC will send an e-mail with a scanned copy of your voucher and corresponding settlement worksheet showing the payment calculation. The amount paid to you will be the net amount less the taxes.

# Change of Station Taxes and Relocation Income Tax Allowance

Q. Does the NSSC report the taxes withheld?

A. Yes, moving expense reimbursements are reported to the IRS as income (supplemental wages, salary, or other compensation). Additionally, it will also be reported to the State where you incurred State income tax liability.

# Change of Station Taxes and Relocation Income Tax Allowance

- Q. Will I receive a Form W-2 for the taxable income on my relocation reimbursements?
- A. Yes, the taxable withholdings will be included on the same Form W-2 you receive for your salary income. A separate Form W-2 will not be issued.

# Change of Station Taxes and Relocation Income Tax Allowance

- Q. Will I receive a breakdown of the taxes withheld to support what is reflected on my Form W-2?
- A. Yes, the NSSC will send you a Relocation Payment Worksheet showing a detailed breakdown of reimbursements or payment of moving expenses. This documentation is provided to the employee by January 31 following the calendar year in which you received the reimbursement or payment.

# Change of Station Taxes and Relocation Income Tax Allowance

## Example of Relocation Payment Worksheet

Relocation Payment Worksheet Center: NSSC 2009 Employee: EOD: 00/00/2009 AUTH: xxxxxxxxxx	(Gross Claim) Amount Paid to Empl.	Amt. Paid to 3rd Pty(CBA) for Empl.	Total Paid	WTA	Moving exp. Deduction (pd to Empl.	Amt of covered taxable reimbursement	Subj to Taxes	Not Subj to Taxes	FED W/h Tax	HIT Tax	FICA Tax	State Tax
Enroute Meals	214.50	0.00	214.50	71.50		214.50	286.00		71.50	4.15	0.00	14.30
Enroute Lodging	69.88	0.00	69.88		69.88			69.88				
Enroute Transportation	400.24	0.00	400.24		400.24			400.24				
House Hunting Trip	0.00	0.00	0.00	0.00		0.00	0.00		0.00	0.00	0.00	0.00
Temporary Quarters	3448.32	0.00	3448.32	1149.44		3448.32	4597.76		1149.44	66.67	0.00	229.89
Miscellaneous Expense Allowance	500.00	0.00	500.00	166.67		500.00	666.67		166.67	9.67	0.00	33.33
Lease Breaking Expense	0.00	0.00	0.00	0.00		0.00	0.00		0.00	0.00	0.00	0.00
Home Marketing Incentive Award	8490.00	0.00	8490.00				8490.00		0.00	123.10	526.38	424.50
Real Estate Expenses	3235.10	27451.00	30686.10	1078.37		3235.10	4313.47		1078.37	62.55	0.00	215.67
Guaranteed Home Sale	0.00	27451.00	27451.00									
Transportation of HHG	0.00	11437.66	11437.66		0.00			0.00				
1st 30 days of Temp Storage	0.00	4290.18	4290.18		0.00			0.00				
Additional Temp Storage	0.00	2606.62	2606.62	868.87		2606.62	3475.49		868.87	50.39	0.00	173.77
Extended Storage	0.00	0.00	0.00		0.00			0.00				
RITA	2213.48	0.00	2213.48				2213.48		553.37	32.10	0.00	110.67
Mobile Home in Lieu of Household goods	0.00	0.00	0.00		0.00			0.00				
<b>Grand Total</b>	<b>18571.52</b>	<b>73236.46</b>	<b>91807.98</b>	<b>3334.85</b>	<b>470.12</b>	<b>10004.54</b>	<b>24042.87</b>	<b>470.12</b>	<b>3888.22</b>	<b>348.63</b>	<b>526.38</b>	<b>1202.14</b>

# Change of Station Taxes and Relocation Income Tax Allowance

Q. What is a Relocation Income Tax (RIT) allowance?

A. RIT is a moving expense allowance designed to reimburse eligible transferred employees for substantially all of the additional Federal, State and local income taxes paid as a result of your COS move. The RIT allowance reimbursement is a taxable entitlement.

# Change of Station Taxes and Relocation Income Tax Allowance

Q. Who is authorized RIT allowance?

A. Employees who transferred on or after November 14, 1983, in the interest of the Government from one official station to another.



# Change of Station Taxes and Relocation Income Tax Allowance

Q. Who is not authorized RIT allowance?

A. The following are not covered by RIT allowance:

- New appointee, including student trainees
- Employees assigned under the Government Employees Training Act (5 U.S.C. 4109)
- Employees returning from overseas assignments for the purpose of separation
- Senior Executive Services (SES) Career Appointees exercising last move home

# Change of Station Taxes and Relocation Income Tax Allowance

Q. Do I have to file a RIT allowance voucher?

A. Yes, employees who receive a WTA must file a RIT allowance voucher. NASA requires you to sign NASA Form (NF) 1810, Employee Agreement to Repay WTA, which mandates the submission of this voucher as a condition of your relocation. Failure to file this document will result in repayment of all WTA amounts paid to the employee.

# Change of Station Taxes and Relocation Income Tax Allowance

## Example of Employee Agreement to Repay WTA (NF 1810)

In the event an employee violates the terms of the Service Agreement, no part of the RIT allowance or the WTA will be paid, and any amounts paid prior to such violation shall be a debt due the United States.

	National Aeronautics and Space Administration	<b>Employee Agreement to Repay Withholding Tax Allowance (WTA)</b>
<b>PART 1 - Federal Travel Regulations (FTR) Guidance</b>		
<p>Consistent with Federal Travel Regulation (FTR) 302-17, each tax year NASA will send an explanation letter and certification forms package to employees who received a Withholding Tax Allowance (WTA) on taxable moving expenses during the previous year. Employees who receive taxable reimbursements for relocation expenses are required to submit a claim for the Relocation Income Tax (RIT) allowance. Failure of the employee to comply with this requirement will preclude the agency's payment of the WTA and as a result the entire WTA will be considered an excess payment in the absence of a properly submitted RIT allowance claim.</p>		
<p><b>Withholding Tax Allowance (WTA)</b> - The WTA, paid in Year 1, covers the employee's Federal income tax withholding liability on covered taxable reimbursements received in Year 1. The amount is computed by applying the withholding gross-up formula prescribed in FTR 302-17.7(d) (using the Federal withholding tax rate) each time that a Federal withholding obligation is incurred on covered moving expense reimbursements received in Year 1. Grossing-up the Federal withholding amount protects the employee from using part of his/her moving expense reimbursement to pay Federal withholding taxes.</p>		
<p><b>Relocation Income Tax (RIT) allowance</b> - The amount of payment computed and paid in Year 2 to cover substantially all of the estimated additional tax liability incurred as a result of the covered moving expense reimbursements received in Year 1.</p>		
<p><b>§302-17.9 (b) (1-3)</b> - The employee is required to submit a claim for the RIT allowance and to file the tax information for Year 1 specified in FTR 302-17.10 with his/her agency in Year 2, regardless of whether any additional reimbursement for the RIT allowance is owed the employee. If any action occurs (i.e., amended tax return, tax audit, etc.) that would change the information provided in Year 2 by the employee to his/her agency for use in calculating the RIT allowance due the employee for Year 1 taxes, this information must be provided by the employee to his/her agency. If the calculation of the RIT allowance results in a negative amount, the employee is obligated to repay this amount as a debt due the Government.</p>		
<p>Consistent with FTR 302-17.10, documents which are normally submitted to accomplish a RIT allowance claim include IRS Form(s) W-2, Standard Form-1012 and NASA Form 1632. If applicable, the completed IRS Schedule SE (Form 1040) for Self Employment and/or Form 1099-R for Military Retirement only, is considered part of the documentation required for proper submission by an employee to the agency to ensure an accurate RIT allowance calculation.</p>		
<b>PART 2 - Employee Acknowledgement</b>		
<p><b>My signature below indicates I have read the following agreement and that I will execute my employee obligations described within FTR 302-17 concerning this requirement in an expeditious manner when directed by NASA.</b></p>		
Employee Name (Please Print)	Date	
Employee Signature		
NASA FORM 1810 NOV 12		
NRSS 9/1A Page 1 of 1		

# Change of Station Taxes and Relocation Income Tax Allowance



Q. When do I file my RIT allowance?

A. You will file the RIT allowance in Year 2 following the year (Year 1) you receive reimbursement for your moving expenses.

- Year 1 will always be the calendar year that reimbursements were received.
- Year 2 will be the calendar year in which the RIT allowance is computed and actually paid.

For example:

You received reimbursement for your moving expenses in June of 2013 (Year 1). You will file for the RIT allowance in calendar year 2014 (Year 2).

# Change of Station Taxes and Relocation Income Tax Allowance



Q. If my PCS reimbursements are paid over two or more calendar years, will I be required to file multiple RIT allowance vouchers?

A. Yes, RIT vouchers may need to be filed in multiple years, since relocation reimbursements could extend over two or more years.

For example:

You received PCS reimbursements during calendar year 2012 (Year 1) you will file the RIT claim in calendar year 2013 (Year 2).

If you receive an additional reimbursement in calendar year 2013 (Year 1 again) you will file the RIT claim for this reimbursement in calendar year 2014 (Year 2).

# Change of Station Taxes and Relocation Income Tax Allowance

Q. How do I file my RIT allowance claim?

A. The year after the tax year that you are reimbursed for qualifying relocation expenses, you will be advised by NASA to file a voucher. You must file the RIT allowance claim on a Standard Form (SF) 1012, Travel Voucher.

**The following documents must also be attached to the signed SF 1012:**

- Completed and signed NASA Form (NF) 1632, Relocation Income Tax (RIT) Allowance Certification
- Copies of W-2s for employee and spouse (if applicable) and/or 1099-R (for Military Retirement only, non-disability) for the year of the RIT allowance you are filing
- Copies of 1040 Schedule SE (Self Employment) tax form for employee and spouse (if applicable) for the year of the RIT allowance you are filing






# Change of Station Taxes and Relocation Income Tax Allowance



## Example of RIT Allowance Certification Form (NF 1632)

 National Aeronautics and Space Administration		<b>Relocation Income Tax (RIT) Allowance/Income Tax Reimbursement Allowance (ITRA) Certification</b> <i>(Federal Travel Regulations 302-17 (RIT) and 301-11 Subpart F (ITRA))</i>	
(Before completing form, read Privacy Act Statement on Page 2)			
This certification must be attached with a signed Standard Form (SF) 1012, Travel Voucher, to support a Relocation Income Tax (RIT) Allowance/Income Tax Reimbursement Allowance (ITRA) claim. Copies of all IRS form W-2, IRS Schedule SE and/or IRS form 1099-R Military Retirement Income (non-disability) must be included as further justification for this claim.			
<b>SECTION I - BASIC DATA</b>			
NAME (First/M/Last)		SSN	
ENTER ON DUTY DATE	OFFICE PHONE	PRESENT DUTY STATION	TAX YEAR
Provide the locality (county, city, etc.) where you incurred tax liability on relocation/extended TDY reimbursements in the tax year referenced above.			
COUNTY/PARISH (as of December 31 <sup>st</sup> )	CITY OF RESIDENCE	CITY OF WORKPLACE	
<b>SECTION II - ALLOWANCE DATA</b>			
Total income is gross compensation as shown on IRS form W-2 (block 1), net earnings (or loss) from self-employment income as shown on IRS Schedule SE (line 1 + line 2) and/or IRS form 1099-R Military Retirement Income (non-disability). If claiming no spousal income, the box titled No Spousal Income must be marked. <b>Note: Do not round amounts.</b>			
	W-2 FORM (S) (Block 1)	SCHEDULE SE (Line 1 + Line 2)	1099-R (Block 1) (for Military Retirement only)
EMPLOYEE			
SPOUSE (if jointly)			<input type="checkbox"/> NO SPOUSAL INCOME
TOTAL INCOME _____ + _____ + _____ = _____			
<b>FILING STATUS</b>			
<input type="checkbox"/> HEAD OF HOUSEHOLD <input type="checkbox"/> MARRIED FILING JOINTLY <input type="checkbox"/> MARRIED FILING SEPARATE <input type="checkbox"/> QUALIFIED WIDOWER WITH DEPENDENT CHILD <input type="checkbox"/> SINGLE			
<b>STATE TAX INFORMATION</b>			
List the State(s) where you incurred income tax liability on relocation/extended TDY reimbursements in the tax year referenced above. <b>Note: If total income entered above is less than \$20,000, answer parts (A) and (B).</b>			
	NAME OF STATE	(A) INDICATE STATE TAX RATE	(B) RATE IS EXPRESSED AS A % OF
			INCOME      FEDERAL
STATE #1			<input type="checkbox"/> <input type="checkbox"/>
STATE #2			<input type="checkbox"/> <input type="checkbox"/>
<b>SECTION III - CERTIFICATION</b>			
I/We certify that the information given above has been filed or will be filed with the proper Federal, State, and local tax authorities for the above referenced tax year by me or jointly with my spouse.			
I/We also certify that the above information is true and accurate to the best of my/our knowledge. I/We agree to notify the Agency Relocation Program Management Office of any changes to the above data (i.e., amended tax returns, tax audits, etc.) so that appropriate adjustments can be made to the RIT Allowance/ITRA Certification.			
EMPLOYEE'S SIGNATURE	DATE	SPOUSE'S SIGNATURE (IF FILING JOINTLY) <sup>1</sup>	DATE
<sup>1</sup> If joint filing status is claimed and spouse's income is included, the spouse must sign the statement. If the spouse does not sign the document, earned income will include only the employee's income as provided in 41 CFR 302-17.8(d). This condition will not apply if an employee is allowed, under IRS rules, to file a joint return as a surviving spouse.			



# Change of Station Taxes and Relocation Income Tax Allowance

Q. Where can I go to get forms and examples of RIT vouchers?

A. Instructions on how to file a RIT allowance, forms required, and sample submissions may be found on the Change of Station web page.

<https://www.nssc.nasa.gov/changeofstation>

- ☐ Go to Quick Links and select Example COS Forms
- ☐ Check Relocation Income Tax (RIT) Allowance
- ☐ Click Submit

You are encouraged to call the NSSC Customer Contact Center at 1-877-677-2123 to speak with a representative with any questions you may have to facilitate your submission.

# Change of Station Taxes and Relocation Income Tax Allowance

## References:

- Federal Travel Regulations Part 302-17
- IRS Publication 521 *Moving Expenses*